



SUCCESS STORY

Local businesses, local development

**With USAID's support,
local governments help
small entrepreneurs
gain more business
through procurement
of services and
products**



USAID/BOLIVIA

*Small entrepreneurs will have
the chance to build public works
in rural areas of the country*

SAN BENITO, COCHABAMBA.- Daniel Torrico, a construction worker, is proud after having won his first contract to develop basic infrastructure for his local community. Eight other microentrepreneurs like him will receive similar purchase orders from the local government to provide water tanks, irrigation systems and other small construction projects. This will enhance the overall infrastructure of this poor rural municipality located in the highlands of Cochabamba, in the center of Bolivia.

The orders are a result of an innovative procurement system developed with USAID assistance called "Reverse Trade Fairs", where the public sector advertises its projected demand for services and products for a given period and gives local businesses a chance to bid on contracts to provide them. Rodrigo Balderrama, Mayor of San Benito, explains the nature of these events: "In a reverse trade fair you don't see people willing to sell; you meet institutions willing to buy."

The San Benito Trade Fair is one of four fairs that will be organized in rural areas. The fairs have already facilitated approximately \$150,000 in business for local entrepreneurs, with the possibility to expand exponentially in future years.

In the past, only Bolivia's big companies were able to work with the public sector due to legal and financial restrictions. Now, small firms can compete and bidders can obtain loans or support from municipal governments or local financial institutions to guarantee timely completion of their contracts.

Reverse trade fairs not only promote broader development of local economies in rural areas, but also allow entrepreneurs to build alliances with complementary service providers in their communities. Working jointly, they reduce costs, improve efficiency and strengthen their businesses. By promoting transparent public solicitations and bidding processes, these new trade fairs are expected to reduce corruption and generate savings of up to 25% for municipal budgets with the lower costs of working with small scale local businesses in a competitive manner. Those savings can have a big impact in poor communities.

Through this program, USAID is helping local governments in Bolivia to build economic development strategies that will provide a strong framework for entrepreneurship and transparency for the long term. That means that rural towns such as San Benito can increase efficiency, reduce costs, create jobs, and enhance incomes for their citizens.